



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

By Electronic Mail and First Class Mail
cbell@bmhlaw.com

SEP - 1 2015

Charles H. Bell, Jr., Esq.
Bell, McAndrews & Hiltachk, LLP
455 Capitol Mall, Suite 600
Sacramento, CA 95814

RE: MUR 6943
Republican Party of Orange County
and Jeffrey Lalloway in his official
capacity as treasurer

Dear Mr. Bell:

On August 26, 2015, the Federal Election Commission accepted the signed conciliation agreement submitted on your above-referenced clients' behalf in settlement of violations of 52 U.S.C. §§ 30104(b) and 30125(b), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the Respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty and the reimbursement of the Republican Party of Orange County's Levin account from its Federal accounts are due within 60 days and 90 days, respectively, of the conciliation agreement's effective date. If you have any questions, please contact Tanya Senanayake, the attorney handling this matter, at (202) 694-1571.

Sincerely,

Mark Allen
Assistant General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Republican Party of Orange County and)
Jeffrey Lalloway in his official capacity)
as Treasurer)

MUR 6943

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Based on a Commission audit of the Republican Party of Orange County for the time period of 2009-2010, the Commission found reason to believe that the Republican Party of Orange County and Jeffrey Lalloway in his official capacity as Treasurer ("Respondents") violated 52 U.S.C. §§ 30104(b) and 30125(b), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act").

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this Agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).
- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this Agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:

1. The Republican Party of Orange County is a political committee within the meaning of 52 U.S.C. § 30101(4).

2. Jeffrey Lalloway is the treasurer of Republican Party of Orange County. Mr. Lalloway was not the treasurer at the time of the activity described herein.

3. The Act and Commission regulations require political committees to disclose the amount and nature of outstanding debts and obligations until those debts are extinguished. 52 U.S.C. § 30104(b)(8); 11 C.F.R. §§ 104.3(d), 104.11(a).

4. A political committee must file separate schedules for debts owed by and to the committee with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. *See* 11 C.F.R. § 104.11(a). A debt or obligation of \$500 or less must be reported as of the time that payment is made or within sixty days of the date on which the political committee incurs the debt, whichever comes first, and a debt exceeding \$500 must be disclosed in the report that covers the date on which the debt was incurred. 11 C.F.R. § 104.11(b).

5. Respondents failed to report debts owed to vendors totaling \$56,089 during the 2010 election cycle.

6. In November 2013, Respondents amended their reports to disclose these debts and obligations.

7. The Act generally prohibits State, local, and district committees of political parties from using non-federal funds to pay for Federal election activity. 52 U.S.C. § 30125(b)(1).

8. The Act permits a State, local, and district committee of a political party to pay for certain Federal election activities, such as voter registration and "get out the vote"

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activities that do not mention a Federal candidate, with an allocation of both Federal and non-federal "Levin" funds, which are subject to certain restrictions. 52 U.S.C. § 30125(b)(2); 11 C.F.R. § 300.30(b).

9. The Act and Commission regulations require Levin funds to be raised solely by the State, district, or local political committee that expends or disburses the funds. 52 U.S.C. § 30125(b)(2)(B)(iv); 11 C.F.R. § 300.31(a).

10. A State, district, or local political committee must not use as Levin funds any funds transferred or otherwise provided to the committee by any State, district, or local political committee or the national committee of any political party. See 52 U.S.C. § 30125(b)(2)(B)(iv); 11 C.F.R. § 300.34(b). In addition, a State, district, or local political committee must not use any Federal funds transferred to it from or otherwise accepted by it from any other State, district, or local committee as the Federal component of an expenditure or disbursement for qualifying Federal election activity. See 11 C.F.R. § 300.34(a). The Act limits individual contributions to Levin funds to \$10,000 per calendar year, unless State law prescribes a lesser amount. 52 U.S.C. § 30125(b)(2)(B)(iii); 11 C.F.R. § 300.31(d).

11. During the 2010 cycle, RPOC made 23 transfers, totaling \$73,465, from its Levin account to its Federal accounts in order to reimburse the Federal accounts for voter registration expenses. The source of funds used to make these transfers was a \$74,132 transfer to RPOC's Levin account from the Levin account of the California Republican Party.

V. 1. Respondents violated 52 U.S.C. § 30104(b) by failing to disclose debts and violations.

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2. Respondents violated 52 U.S.C. § 30125(b) by improperly spending \$73,465 on federal voter registration activities using Levin funds transferred to Respondents from the California Republican Party.

VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Twenty-Seven Thousand Dollars (\$27,000), pursuant to 52 U.S.C. § 30109(a)(5)(A), no more than 60 days from the date that this Agreement becomes effective.

2. Respondents will cease and desist from violating 52 U.S.C. §§ 30104(b) and 30125(b).

3. Respondents will refund its Levin account from its Federal accounts the amount of Seventy-Three Thousand, Four Hundred Sixty-five Dollars (\$73,465), which represents the amount of the expended Levin funds at issue, and to so notify the Commission, no more than 90 days from the date that this Agreement becomes effective.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire Agreement.

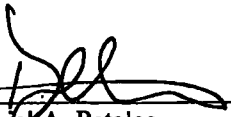
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IX. Except where otherwise provided, Respondents shall have no more than 30 days from the date that this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire Agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written Agreement shall be enforceable.

FOR THE COMMISSION:

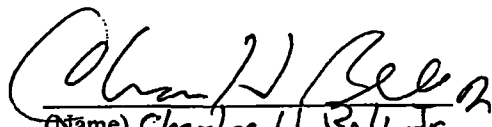
BY:


Daniel A. Petalas
Associate General Counsel
for Enforcement

Date

8/31/15

FOR THE RESPONDENTS:


(Name) Charles H. Bel Jr.
(Position) Designated Counsel

Date

8/12/2015

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